

The City of Troy **2010 Recommended Budget**



**Presented to Finance Committee on December 1, 2009
and Troy City Council on December 7, 2009**

City of Troy Vision and Mission

Vision: The City of Troy will expand its reputation as a family-oriented, vibrant, financially, sustainable community focused on a diversity of economic development, educational opportunities, & high quality of life for its citizens, businesses, & visitors.

Mission: Through sound & prudent leadership, the City of Troy is committed to sustaining its continued prominence as a regional hub by providing a well-balanced community for its residents, businesses & visitors, consisting of a vibrant downtown, growing economic base, strong educational environment, & plentiful recreational opportunities strengthened by public/private cooperation & grounded in financial stability.

2010 Budget Priorities

- ✓ **Economic Development retention/expansion**
- ✓ **Maintenance of basic services**
- ✓ **Self-sustaining non-General Funds**
- ✓ **Implementation of outside agencies' 5-year subsidy reduction plan**
- ✓ **Continued cost cutting/revenue enhancement reviews**

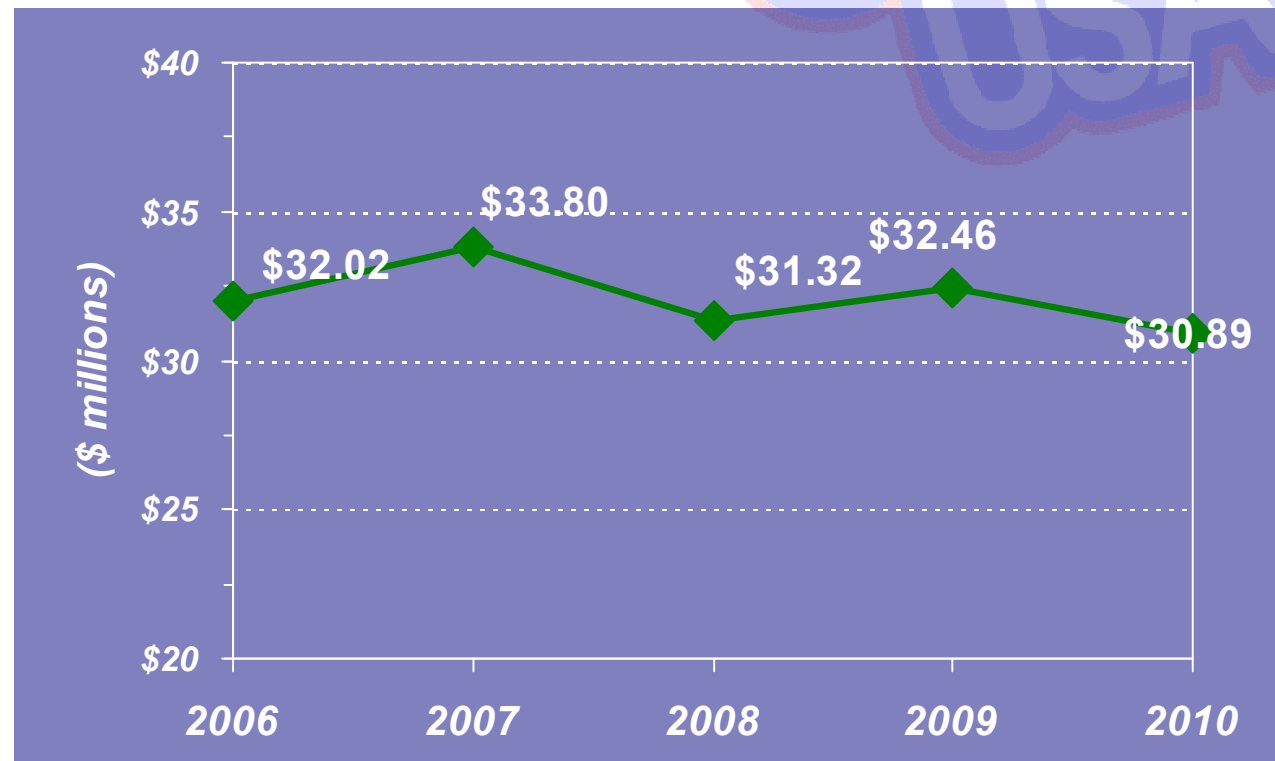
2010 Budget Highlights: Resources



<input checked="" type="checkbox"/> All Funds revenues	by 4.8%
<input checked="" type="checkbox"/> Income tax collections	by 8.0%
<input checked="" type="checkbox"/> Investment interest	by 36.4%
<input checked="" type="checkbox"/> General Fund balances	by 13.0%

All Funds Revenue Decreasing

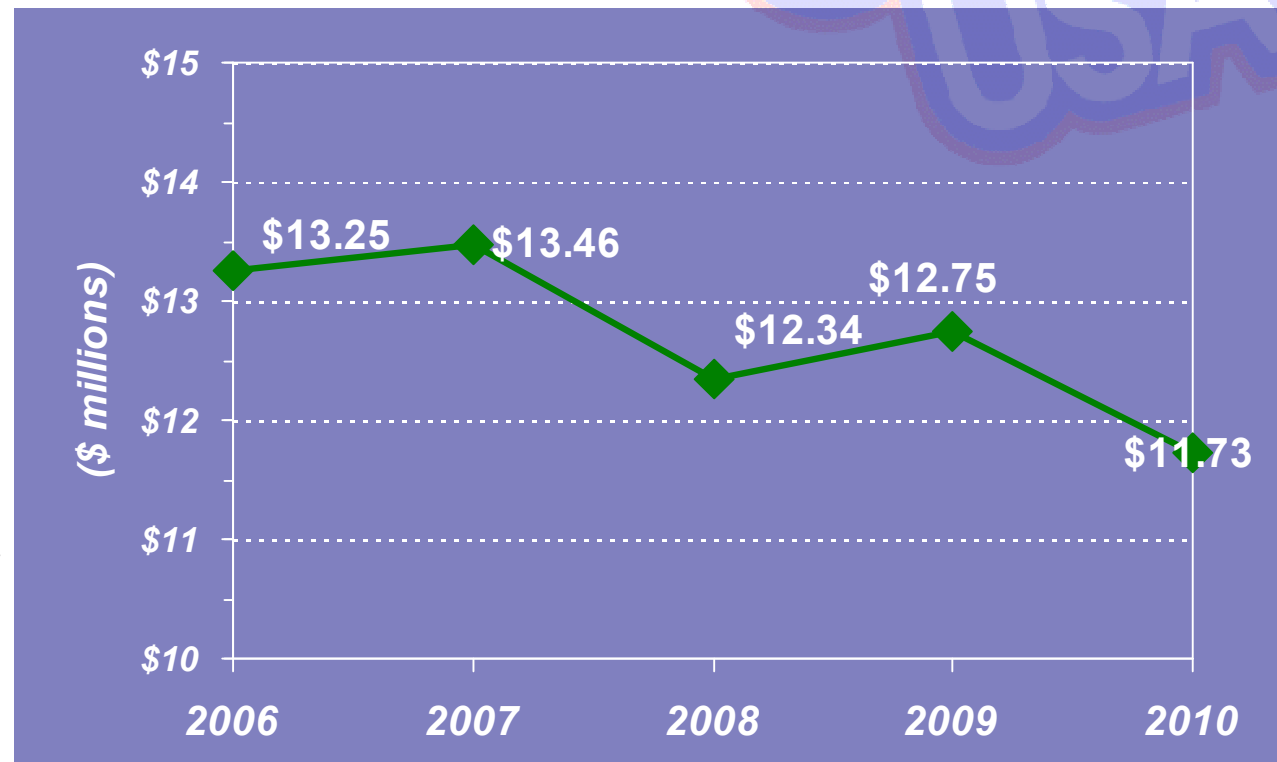
Revenues net of transfers, grants and permissive tax are estimated to decrease 4.8% from 2009-10.



Source: Troy City Auditor data.

Income Tax Collections Decreasing

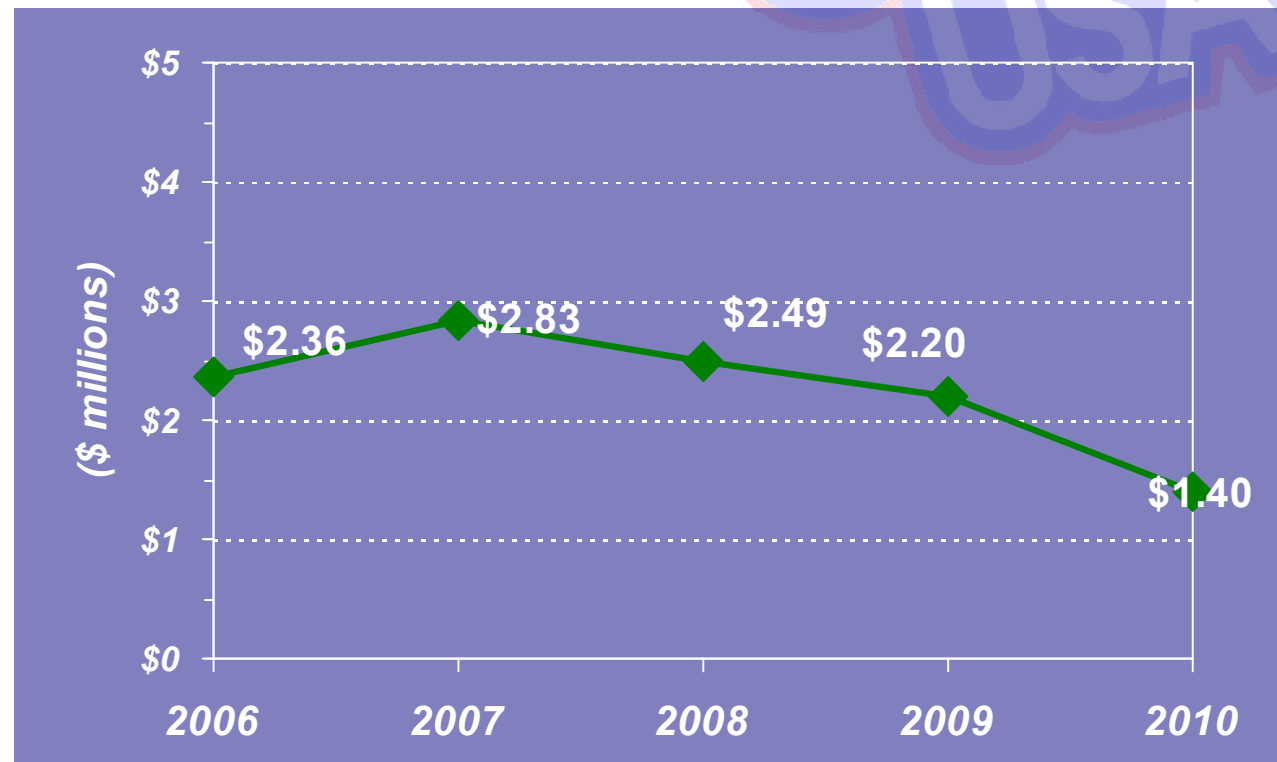
City income tax collections have declined since 2006 by nearly 11%, even after a 3.3% increase from 2008-2009.



Source: Troy City Auditor data.

Interest Earnings Declining

Interest earned on reserves & income has dropped by 50.5% in four years due to declining fund balances and low rates.



Source: Troy City Auditor data.

GF Fund Balances Decreasing

Projected Fund balances may decline 13% from 2010-11, even with NO increases for wage & benefits in 2010 built in.



Source: "2010 Recommended General Fund Budgets".

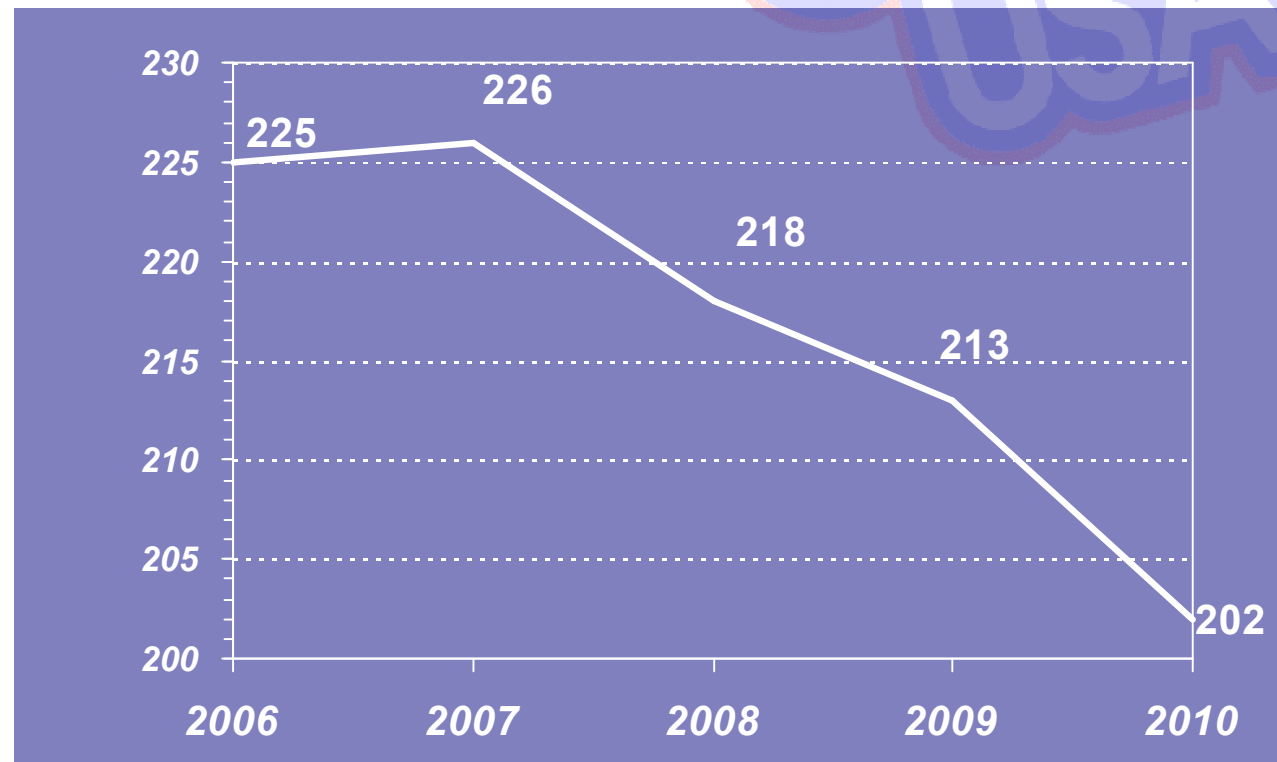
2010 Budget Highlights: Expenses

- Filled employee count decreasing (again)
- Labor costs at 2009 rates
- General Fund subsidies increasing
- Outside agency support declining per plan
- Capital investment 25% less than 2009

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Employee Count Decreasing

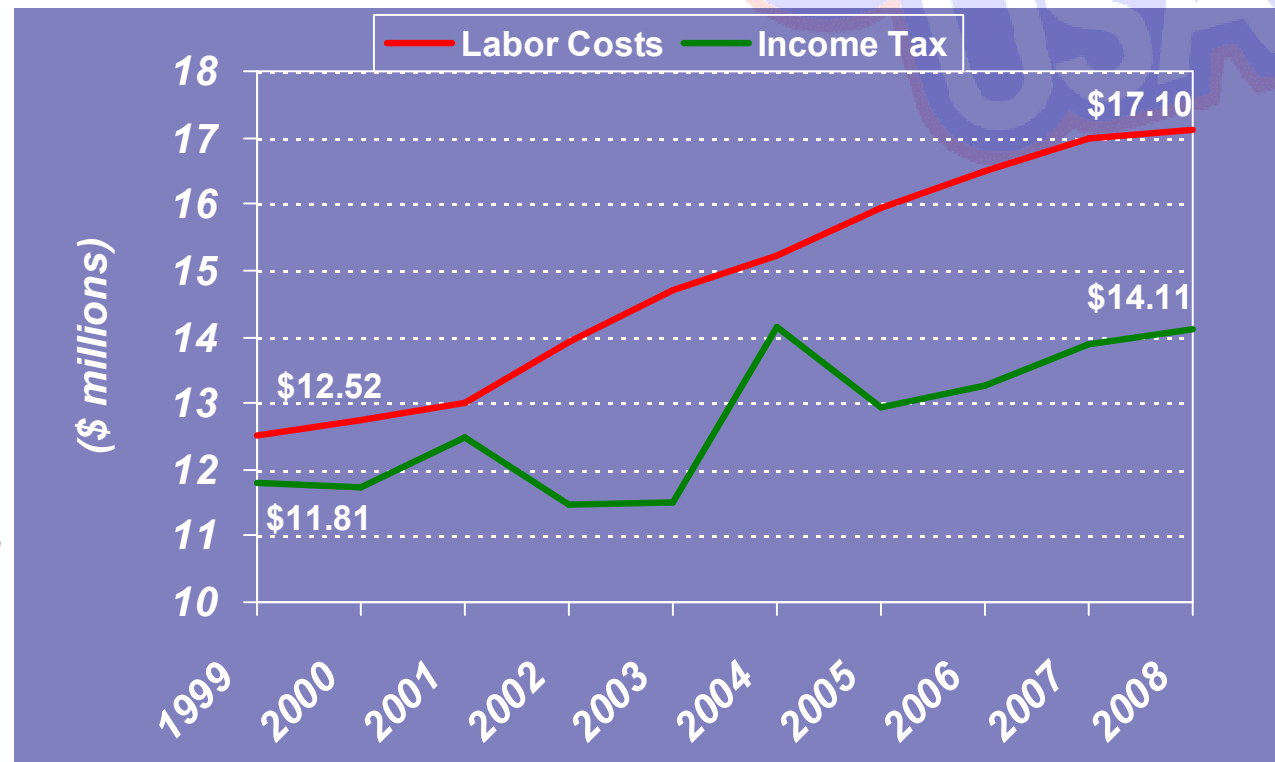
From 2007-09, FTEs decreased by 13. The 2010 budget drops by 11 more, which are vacant and unfunded.



Source: Troy Human Resources data.

Labor Costs to Income Tax Gap Closing

From 1999-2008, labor costs grew over 2 times the rate of income tax collections.



Source: Troy City Auditor data.

GF Subsidies Escalating

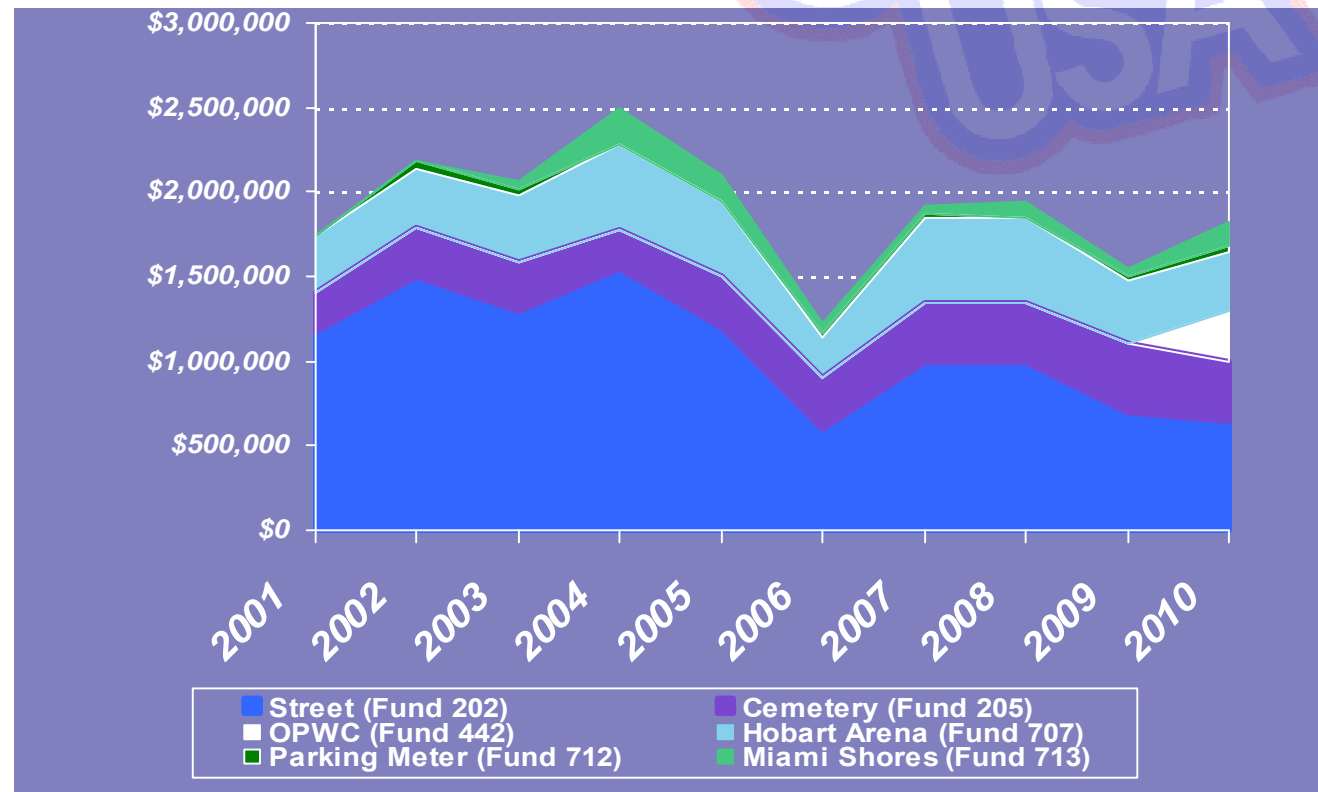
(due to OPWC)

FUNDS	2009	2010	Change	% Change
Street (202)	\$700,000	\$650,000	(\$50,000)	(7.1%)
Cemetery (205)	\$400,000	\$350,000	(\$50,000)	(12.5%)
OPWC (442)	\$0	\$300,000	\$300,000	N/A
Hobart Arena (707)	\$375,000	\$350,000	(\$25,000)	(6.7%)
Parking Meter (712)	\$25,000	\$30,000	\$5,000	20.0%
Miami Shores (713)	\$50,000	\$150,000	\$100,000	200%
Total	\$1,550,000	\$1,830,000	\$280,000	18.1%

Source: 2009 & 2010 budget footnotes.

2010 General Fund subsidies would decrease \$20,000 over 2009 but for the Experiment Farm project.

GF Subsidies Escalating



Source: 1999-2008 Annual Budget documents.

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General Fund Budgeted Expenses

CATEGORY	2008	2009	2010	% Change
Operating	\$21,711,138	\$21,964,604	\$21,187,226	(1.35%)
27 th Payroll	0	442,676	0	N/A
Capital	549,899	412,240	1,502,550	264.48%
Total Expenses	\$22,261,037	\$22,819,520	\$22,689,776	(.57%)

Source: 2008-2010 Budget Recap "Top Sheets"

Net of \$1.2 m for the Experiment Farm capital project, net capital investment will fall by 25% over 2009, not including the fact there is no road repair program recommended in 2010.

2010 Projected General Fund Total Deficit

1/1/10 Estimated Fund Balance	\$7,640,355
Estimated 2010 Revenues	21,698,159
Total Estimated 2010 Resources	29,338,514
Recommended 2010 Expenses	22,689,776
1/1/11 Estimated Fund Balance	6,648,738
Estimated Change in Fund Balance	(\$991,617)

Source: "2010 Recommended General Fund Budgets"

The 2010 projected General Fund deficit is expected to far exceed \$1 million after collective bargaining is concluded.

2-Year General Fund Current Deficit Trend

CATEGORY	2009 Budget	2010 Rec.	\$ Change
Net Revenues	\$22,041,135	\$20,948,159	(\$1,092,976)
Net Expenses	21,964,604	21,187,226	(\$777,378)
Balance	\$76,531	(\$239,067)	(\$315,598)

Source: 2009 & 2010 Budget Recap "Top Sheet", net of grants, permissive tax, transfers and CIP.

The operating or current deficit (on-going revenues minus operating costs) in the 2009 budget is projected to worsen significantly for 2010.

General Fund Five-Year Forecast

(\$ in millions)	2010	2011	2012	2013	2014
Beg. Balance	\$7.6	\$6.6	\$5.1	\$3.1	\$.8
Revenues	21.7	21.8	21.9	22.4	22.8
Resources	29.3	28.4	28.0	25.5	23.6
Operating	21.2	21.8	22.5	23.2	23.6
Street Paving	0	.5	.5	.5	.5
Capital	1.5	1.0	1.0	1.0	1.0
Expenses	22.7	23.3	24.0	24.7	25.3
End Balance	\$6.6	\$5.1	\$3.1	\$.8	(\$1.8)

Source: 2010 rec'd budget; out years based on est. inflation, performance and economic indications

Minimizing the 2010 General Fund Deficit

- 4 positions left vacant from 2009
- 7 NEW vacant positions unfunded for 2010
- No Street Paving Program
- Smaller Sidewalk Repair Program
- Even less CIP than 2009 (net of EF Road)
- \$135,000 less non-personnel operating

Key Priorities for 2010 and Beyond

- **Economic Development Outreach**
- **Continued Staffing/Service Reviews**

Long-term Vision

- The key to our recovery will be continued emphasis on economic development
- Retention first, outreach second
- Expansion further into Asia
- New European program
- “ED is not AN important priority – it is the ONLY important priority to ensure sustainable recovery”

Short Sighted View



Uncomfortable



Painful



Excruciating



Uncomfortable Service Cuts \$270,000

No Layoffs

Parking enforcement
Patrol scheduling
Newsletter
Public access

Symphony
Civic band
Fireworks
Beautification



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Painful Service Cuts \$380,000

5 Layoffs

DARE/SRO (1)

Troy REC

Property Mtc./Zoning (1)

Police Records (2)

Electrical Division (1)

Lincoln Center

Troy Main Street



Excruciating Service Cuts \$1,100,000

17 Layoffs

Close Hobart Arena (5)

Close Miami Shores (5)

Close Riverside Cemetery (4)

Close Fire Station #1 (3)



Summary

- ☆ Service cuts, even closing iconic facilities, are short term fixes (\$1.7 m cuts v. \$1.8 m deficit by 2014)
- ☆ Continued economic development efforts are imperative to long-term recovery and sustainability
- ☆ Opportunities to invest in technology where labor is reduced is worth the investment in the long run
 - ☆ “We are still positioned to take advantage of whatever opportunities present themselves”

“There are no constraints on the human mind, no walls around the human spirit, no barriers to our progress except those we ourselves erect. ”

- Ronald Reagan



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